

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3902-09
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SCS for SB 733
Subject: Education, Higher; Higher Education Department
Type: Original
Date: June 1, 2010

Bill Summary: Modifies various scholarship provisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$9,000)	(\$18,000)	(\$27,000)
Total Estimated Net Effect on General Revenue Fund	(\$9,000)	(\$18,000)	(\$27,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 173.250

Officials at the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Higher Education (MDHE)** assume Section 173.250.4(4)(b) extends the period that students who enter the military immediately after high school or who leave college to serve in the military can defer their Bright Flight awards. Those students would potentially be able to receive awards. Several unknowns prevent the MDHE from being able to precisely estimate the impact of this bill, including the number of students who enter the military immediately after high school or leave college to serve in the military who would otherwise qualify for Bright Flight, whether such students would be in the top 3% or the top 5%, and the number of such students who would ultimately return to college within six months after leaving the military.

Based on all available data about the Bright Flight program, general patterns of deferral rates, and the number of times the MDHE receives calls from students who might benefit from the change described above, MDHE staff estimate that the changes described above would result in approximately 2 additional Bright Flight awards to students in the top 3% each year starting in FY 10. The MDHE assumes that students in the top 3% will receive \$3,000 awards in FY 10 and beyond. The MDHE assumes that starting in FY 11, students in the top 5% will begin receiving \$1,000 Bright Flight awards, and that the changes in this bill will result in an additional 3 students per year receiving awards in that range. The MDHE assumes that all students who receive Bright Flight awards because of the changes in this bill will maintain eligibility and receive awards for 4 years. These assumptions are illustrated by the following spreadsheet.

ASSUMPTION (continued)

Score Range	FY11 3%	FY11 5%	FY12 3%	FY12 5%	FY13 3%	FY13 5%
Number of students who would be eligible for <u>initial</u> Bright Flight awards because of this bill	2	3	2	3	2	3
Number of students who would be eligible for <u>renewal</u> Bright Flight awards because of this bill	0	0	2	3	4	6
Total number of students	2	3	4	6	6	9
Award amount per student	\$3,000	\$1,000	\$3,000	\$1,000	\$3,000	\$1,000
Total awarded to eligible students	\$6,000	\$3,000	\$12,000	\$6,000	\$18,000	\$9,000

Finally, the MDHE assumes that it would not require additional staff to administer the Bright Flight program with these changes, but that it would be required to reprogram the software it uses to administer the Bright Flight program, which is called FAMOUS. The cost associated with the software reprogram is currently unknown.

Officials at the **Linn State Technical College** assume an unknown impact.

Officials at the **Missouri Southern State University** are unable to assess the potential financial impact of this proposal. The University does look forward to receiving the additional State scholarship support for students who elect to attend MSSU.

Officials at the **Northwest Missouri State University** assume this proposal would generate revenue of approximately \$1,000,000 annually, based on current enrollment.

Officials at the **Lincoln University** assume possible modest fiscal impact in the form of tuition revenue from students who receive the Bright Flight scholarship.

Officials at the **Department of Elementary and Secondary Education, Crowder College, Metropolitan Community College, Missouri State University, Missouri Western State University, Moberly Area Community College, State Fair Community College, St. Charles Community College, St. Louis Community College, University of Missouri** and the **University of Central Missouri** assume that there is no fiscal impact from this proposal.

JH:LR:OD

ASSUMPTION (continued)

Sections 73.1105 and 173.1108

Officials at the **Department of Higher Education** assume that there is no fiscal impact from this proposal.

Officials at the **University of Missouri** assume this bill, is anticipated to have a positive impact on the University. The increase in amounts of financial assistance awards to students attending public 4-year institutions from the Access Missouri Financial Assistance Program would decrease the net expense for students, and may make the University more accessible or attractive to students who would otherwise not attend the University. Likewise, the decrease in funds available for students attending private institutions may result in students choosing the University over a private university. These two sources of increase in enrollment, though anticipated to be small to moderate, would result in a net increase in revenue to the University.

Section 173.1205

Officials at the **University of Missouri** assume the bill provides protection needed to foster partnerships with the private sector to commercialize research. This has the potential to provide a significant positive fiscal impact on the University.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Cost - Bright Flight</u>			
Increased number of eligible students receiving the scholarship	<u>(\$9,000)</u>	<u>(\$18,000)</u>	<u>(\$27,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$9,000)</u>	<u>(\$18,000)</u>	<u>(\$27,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

JH:LR:OD

FISCAL DESCRIPTION

This act modifies the requirements for renewal awards through the Bright Flight Scholarship Program. If a scholarship recipient provides service to a nonprofit organization or a state or federal agency, the student will receive the scholarship if he or she returns to full-time status within twenty-seven months. If a scholarship recipient cannot attend an approved institution because of military service with the United States Armed Forces, the student will receive the scholarship if he or she returns to full-time status within six months after completing military service. The student must verify to the Coordinating Board for Higher Education that the military service was satisfactorily completed.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Crowder College
Department of Elementary and Secondary Education
Department of Higher Education
Lincoln University
Linn State Technical College
Metropolitan Community College
Missouri Southern State University
Missouri State University
Missouri Western State University
Moberly Area Community College
Northwest Missouri State University
Office of the State Treasurer
State Fair Community College
St. Charles Community College
St. Louis Community College
University of Central Missouri
University of Missouri

L.R. No. 3902-09

Bill No. Truly Agreed To and Finally Passed CCS for HCS for SCS for SB 733

Page 7 of 7

June 1, 2010

Not Responding

East Central College

Harris-Stowe State University

Southeast Missouri State University

Three Rivers Community College

Truman State University

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA

Director

June 1, 2010